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This Week in Canadian Agriculture, Issue 6 2008

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Report Highlights:

Texas Says No to Canadian Cattle Destined for Mexico * Manitoba Announces Permanent Moratorium on New or Expanding Hog Operations in Three Regions * Quebec Plans Overhaul of Its Income Stabilization Programs * Agriculture and Agri-Food Canada Outlook for Grains and Oilseeds * Federal Revitalization Programs Announced for Quebec and Nova Scotia Tree Fruit and Grape Growers

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

TEXAS SAYS NO TO CANADIAN CATTLE DESTINED FOR MEXICO: This week, Texas Agriculture Commissioner Todd Staples issued an order to stop specific Canadian cattle from passing through the state's export facilities into Mexico. "I am deeply disappointed that Canada has signed a live cattle trading protocol with Mexico that is inconsistent with international standards," Commissioner Staples said. "The World Organization for Animal Health (OIE) standards are paramount in ensuring trade decisions are based on sound science and not political science." The Commissioner is concerned that Canada recently signed a live cattle protocol with Mexico that would allow the resumption of imports of certain Canadian dairy and beef cattle under 30 months of age - including breeding stock (see CA8008). In May 2007, the OIE formally classified both the U.S. and Canada as "controlled risk" countries for BSE. Under that classification, it is generally anticipated that import countries allow imports from a broad range of beef (i.e., from older animals) and live cattle (i.e., older cattle) to be consistent with international standards. The Commissioner has reportedly instructed Texas Department of Agriculture employees overseeing the agency's livestock export facilities along the Mexican border to not facilitate the trade of any Canadian cattle. Currently, Mexico will only allow the importation of U.S. dairy heifers under the age of 24 months, despite in-depth international negotiations to broaden this to breeding stock. Commissioner Staples is asking states that border Mexico to follow Texas' lead. "I call upon the owners and managers of all livestock export facilities along the U.S.-Mexico border to join me in this effort," Commissioner Staples said.

MANITOBA ANNOUNCES PERMANENT MORATORIUM ON NEW OR EXPANDING HOG OPERATIONS IN THREE REGIONS: On March 3, 2008 Manitoba's Conservation Minister Stan Struthers released the Clean Environment Commission (CEC) report *Environmental Sustainability and Hog Production in Manitoba*. In November 2006, the minister asked the commission to examine the hog industry in Manitoba to assess its environmental sustainability and placed a moratorium on new hog barns until the Commission completed its work. In a press release, Struthers said that he is accepting in principle the CEC's final report and its 48 recommendations. The minister immediately responded by announcing permanent moratoriums on the construction of new or expanded hog operations in three regions of the province and new environmental restrictions in areas where expansion will be allowed. Karl Kynoch, Chair of the Manitoba Pork Council, the organization representing hog producers in the province, told local media that imposing a permanent moratorium will hurt the value of existing farms in the affected areas, especially small family farms, and may end any opportunity to attract a new processing plant to the province. Kynoch said that the permanent moratorium will affect about two-thirds of the pork production in the province. For a copy of the CEC report, go to: http://www.gov.mb.ca/conservation/hog_industry

QUEBEC PLANS OVERHAUL OF ITS INCOME STABILIZATION PROGRAMS: Quebec's Agriculture Minister, Laurent Lessard announced this week that the province intends to overhaul its agriculture income stabilization program and introduce policies to set a new direction for Quebec agriculture, one that is more responsive to market demand. Last month, the province released a report entitled *Commission sur l'avenir de l'agriculture et de l'agroalimentaire quebécois, (Study on the Future of Agriculture in Quebec)* that recommended an evolution of the Farm Income Stabilization Insurance (FISI) program into a universal support program but with stricter rules and caps on the annual payouts per farm. *Comment:* Past U.S. trade case investigations of certain Canadian livestock programs have included findings that Quebec's FISI is countervailable. For 2008, Lessard said the Quebec government would also, among other things, look for ways to: 1) develop alternative marketing chains that favor local products, in keeping with the government's previously announced "*Le Québec dans votre assiette!*" (Quebec on your plate) campaign; 2) develop policies to assist the province's organic, greenhouse and ornamental horticulture sectors; 3) harmonize government operations to better service farm operations and food processing businesses; 4) preserve agricultural-zoned land and to encourage development of land uses complementary to local agriculture, and to encourage rural

municipalities to draft land development plans; and 4) continue to lobby the federal government to support supply-managed sectors (i.e., dairy and poultry) in World Trade Organization negotiations.

AGRICULTURE AND AGRI-FOOD CANADA OUTLOOK FOR GRAINS AND OILSEEDS: On March 6, 2008 Agriculture and Agri-Food Canada (AAFC) released its production and utilization forecast of Canadian grains and oilseeds. For 2008-09, the areas seeded to wheat, durum, canola, flaxseed and soybeans are forecast to increase while the areas of oats, corn, and summerfallow are forecast to decline. AAFC said it assumed that precipitation will be normal for the growing and harvest periods, and that the abandonment rate and quality will be normal. Trend yields are assumed for both western and eastern Canada. Due to higher area and yields, production of grains and oilseeds in Canada is forecast to increase to about 65 million MT from 60 million MT for 2007-08, an increase of about 8%. Exports are projected to increase due to increased supply. Domestic use is forecast to increase as sharply higher food and industrial use, due to strong demand for biofuel, more than offsets lower feed use. Carry-out stocks are forecast to increase slightly but remain historically very low. World and Canadian prices are expected to remain historically strong, despite higher production, due to strong demand and low carry-in stocks.

REVITALIZATION PROGRAMS ANNOUNCED FOR QUEBEC AND NOVA SCOTIA TREE FRUIT AND GRAPE GROWERS: The Government of Canada is helping Quebec's orchard and vineyard industries with up to C\$5.6 million to help growers adapt to changing markets and changing consumer preferences. The federal monies will provide for the removal of fruit trees and vines and the development of new strategic commodity plans. The federal contribution to this program will end March 31, 2011. Currently in Quebec, a C\$12 million provincial program, which runs to March 31, 2012, provides for the replanting of apple varieties of apple to better match consumer demand. The federal funding for Nova Scotia's tree fruit and grape industries will be up to C\$2.3 million and will run until 2011. Nova Scotia already has a C\$1.5 million provincial program in place. Last month, Agriculture and Agri-Food Canada announced that it will provide up to C\$22.3 million to provide Ontario growers for the removal of fruit trees and vines and the development of strategic commodity plans (see CA8006). In July 2007, the federal government and the province of British Columbia announced a jointly funded C\$8 million (C\$5 million federal, C\$3 million provincial) program to provide for the removal and renewal of plant stock and the development of strategic regional plans (see CA7059).

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA8009	Semi-Annual Livestock Report	02/29/2008
CA8008	This Week in Canadian Agriculture, Issue 5	02/29/2008
CA8006	This Week in Canadian Agriculture, Issue 4	02/08/2008
CA8005	COOL Update Briefing Note	01/29/2008
CA8004	This Week in Canadian Agriculture, Issue 3	02/01/2008
CA8003	This Week in Canadian Agriculture, Issue 2	01/04/2008
CA8002	Policy and Market Changes in Canada Due to High Commodity Prices	01/11/2008
CA8001	This Week in Canadian Agriculture, Issue 1	01/04/2008